

Kaptius Ltd.
Environmental, Social and Governance Strategy
14/11/2024

1. Introduction - What are Environmental, Social & Governance (ESG) Issues?

Growing concerns about social and environmental issues in society as well as more attention being given to corporate governance issues and increasing legal obligations on companies, has led to greater interest in how companies are governed, overseen and should operate to ensure that they carry on their business and behave in a responsible way. Specifically, companies are increasingly expected to consider purpose as well as profit, and the future of our planet and its peoples. All these various issues are collectively referred to as **ESG**.

Each ESG issue is usually placed under one of the following headings: environmental, social and governance issues. Each issue is a discrete area but increasingly they are collectively grouped together and considered under the title, ESG.

ESG issues include, amongst other things, climate change and greenhouse gas emissions; energy efficiency and resource depletion; emissions to air, water and land pollution and waste; health and safety considerations; diversity, inclusion and equal pay; stakeholder and community engagement; bribery and corruption; conflicts of interest and anti-money laundering.

2. Why have an ESG strategy?

ESG issues have recently assumed greater prominence and importance by regulators, employees, customers and other stakeholders. Currently SMEs are outside the scope of any specific ESG related disclosures in the UK¹, however failure to tackle ESG issues that are relevant to SME companies may lead to, amongst other things, regulatory enforcement as well as posing a litigation, physical, commercial, financial and reputational risk to a company, that might adversely affect its sustainability. In addition, there is a growing trend for ESG requirements and compliance by a company to be a pre-requisite for it to contract with other parties.

Considering this, and to minimise any potential risks, SMEs may wish to put in place an ESG strategy, commensurate with its size and sector focus, setting out the type of organisation that it aspires to be.

ESG Strategy:

1. Introduction

Kaptius aims to implement the highest environmental, social and governance (ESG) standards appropriate to its size and sector. The prosperity of the Company and of the communities within which it operates requires a commitment by it to the sustainable management of its activities.

Rapidly developing legal and voluntary frameworks, stakeholder demands and increasing

¹ As a SME, the company will not be subject to The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/31) & the Limited Liability Partnerships (Climate-related Financial Disclosures) Regulations 2022 (SI 2022/46).

environmental concerns, all mean that ESG is fast becoming a top priority for businesses. To keep pace with this change, Kaptius wishes to:

- keep abreast of the most up to date information available to it;
- understand the risks and opportunities ESG presents; and
- take action to ensure that the Company continues to satisfy stakeholders and places itself in the best position for long term, sustainable development.

It is recognised that a failure to tackle ESG issues that are relevant to our Company may lead to, amongst other things, regulatory enforcement as well as to pose a litigation, physical, commercial, financial and reputational risk to the Company that may adversely affect its sustainability and resilience.

The directors of the Company already have a duty under Section 172 of the Companies Act 2006, to promote its success. This means that each of its directors must act in the way they consider, in good faith, would promote the success of the Company for the benefit of its members as a whole.

Our strategy includes:

1) ESG Audit

The Company is a SME and operates in the IT Consultancy sector.

In the first instance, it will carry out a comprehensive ESG audit and material risk assessment across its business to establish:

- what ESG means for the Company;
- which stakeholders should be consulted; and
- an ESG baseline.

Materiality

The Company considers the following to be material to it:

1. Data privacy and security: As an IT company, the handling and protection of sensitive data is of paramount importance. Issues such as data breaches, cyberattacks, and failure to comply with data protection regulations can have serious consequences for the company and its customers.
2. Environmental impact: The IT industry is a significant contributor to greenhouse gas emissions, due to the energy consumption of data centers and other infrastructure. Therefore, IT companies are under pressure to reduce their environmental impact, by implementing energy-efficient practices, investing in renewable energy, and addressing the carbon footprint of their operations.
3. Workforce diversity, equity and inclusion: IT companies are facing pressure to address the underrepresentation of certain groups in their workforce and in leadership positions, as well as to create a more inclusive and equitable culture.
4. Supply chain responsibility: As with many industries, the IT sector relies on a complex global supply chain, and companies are increasingly under pressure to ensure that their suppliers are not engaging in unethical practices, such as labor abuses or environmental degradation.
5. Human rights: Companies have to ensure that the products and services they provide do not contribute to human rights violation and also respect human rights in their operations.

6. Technology and society : The rapid pace of technological change can have major societal impacts and companies are under increasing pressure to consider the ethical implications of the technologies they are developing and deploying, including issues such as AI bias and the responsible use of data.

Stakeholders

The Company will consult with:

- Employees
- ServiceNow – our main supplier
- Customers

Baseline

It is important to identify an ESG baseline and Kaptius believe that the following policies, processes and practices are considered relevant:

- Environmental
- Employee handbook – culture
- Cyber Security
- Employment contracts

These policies will be assessed for their usefulness in relation to ongoing ESG related activity and may also be useful to establish which ESG areas the Company should prioritise and which stakeholders it should consult.

2) ESG objectives and framework

Having carried out a thorough ESG audit as set out above, the Company will identify its priority areas and set out its ESG objectives. It will implement an ESG framework based on these priorities through new policies, processes and practices relevant to the Company's size and sector.

3) New ESG Policies etc

The new policies, processes and practices the Company will implement will include:

An ESG policy which incorporates the Company's priority ESG areas and ESG objectives.

4) Board Terms of Reference & ESG Committee

The Company aims for its board of directors to achieve the highest board standards. It already has robust and transparent legal and professional standards in place but also aims to incorporate relevant ESG considerations into the board's terms of reference. This will include ESG matters becoming a routine consideration in the board's decision-making process going forward and the Company putting in place a committee to specifically consider ESG matters and advise the board accordingly.

5) Updating Existing Policies

The Company has implemented several policies appropriate to its business that consider staff/people, customers, suppliers, health & safety, the environment and the community. To bring these policies in line with the Company's ESG strategy and ESG requirements it will

update:

- Environmental policy
- Employee handbook – culture
- Cyber Security policy
- Employment contracts

6) Measuring and Reporting

The directors will regularly review, measure and report to stakeholders at yearly intervals on the Company's progress in implementing its ESG strategy.

Implementation of Policy

This Policy shall be deemed effective as of 14th Nov 2024 No part of this Policy shall have retroactive effect and shall thus apply only to matters occurring on or after this date.

This Policy has been approved and authorised by:

Name: Poornachander Kola

Position: CTO

Date: 14th Nov 2024

Due for Review 14th Nov 2025

by:

Signature: